

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: NE-10-26
)	
)	
FORT LEE SAVINGS BANK, FSB)	Effective Date: October 6, 2010
)	
Fort Lee, New Jersey)	
OTS Docket No. 16832)	

ORDER TO CEASE AND DESIST

WHEREAS, Fort Lee Savings Bank, FSB, Fort Lee, New Jersey, OTS Docket No. 16832 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Northeast Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association, its institution-affiliated parties,¹ and its successors and assigns, shall cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting the unsafe or unsound banking practices that resulted in:

- (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
- (b) operating the Association with loan underwriting and/or credit administration and documentation policies, procedures, systems and controls that are inadequate for the complexity of and risk inherent in the Association's loan portfolio;
- (c) creating concentrations of credit without adequate and effective risk management;
- (d) operating the Association with Management whose policies and practices are detrimental to the Association and jeopardize the safety of its deposits;
- (e) operating with an excessive level of assets with credit data or collateral documentation deficiencies;
- (f) operating the Association with an inadequate Compliance Program;
- (g) operating the Association with an inadequate Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Program; and
- (h) operating the Association with inadequate Information Technology (IT) policies and procedures or Information Technology (IT) systems.

2. The Association, its institution-affiliated parties, and its successors and assigns, shall also cease and desist from any action (alone or with others) for or toward causing, bringing about,

¹ The term "institution-affiliated party" is defined at 12 U.S.C. § 1813(u).

participating in, counseling, or the aiding and abetting violations of the following laws and regulations:

- (a) 12 C.F.R. § 560.93 (regarding limitations on loans to one borrower);
- (b) 12 C.F.R. § 226.20(c) (regarding disclosure requirements for variable rate adjustments);
- (c) 12 C.F.R. § 563.177(c)(1) (requiring a system of internal controls to assure ongoing compliance with Bank Secrecy Act (BSA));
- (d) 12 C.F.R. § 563.180(d)(3)(iv) (regarding filing of suspicious activity reports (SARs) for potential money laundering or violations of the BSA);
- (e) 12 C.F.R. § 203.4(a) and (b) (regarding compliance with the reporting requirements of the Home Mortgage Disclosure Act (HMDA));
- (f) 12 C.F.R. § 202.5(a)(2) (requiring monitoring information to be collected for HMDA reportable loans);
- (g) 12 C.F.R. § 226.19 (regarding Truth in Lending Act disclosure requirements);
- (h) 15 U.S.C. § 1681g (regarding disclosure of credit scores by certain mortgage lenders); and
- (i) 15 U.S.C. § 1681s-2(a)(7) (regarding disclosure of negative credit information).

Capital.

3. By October 31, 2010, the Association shall have and maintain a Tier 1 (Core) Capital Ratio equal to or greater than 10 percent (10%) after the funding of an adequate Allowance for

Loan and Lease Losses (ALLL) and a Total Risk-Based Capital Ratio equal to or greater than 15 percent (15%).²

4. By October 31, 2010, the Association shall submit a written plan for the period of October 1, 2010 to September 30, 2012 to achieve and maintain the Association's capital at the levels prescribed in Paragraph 3 (Capital Plan) that is acceptable to the Regional Director. At a minimum, the Capital Plan shall:

- (a) identify the specific sources of additional capital and the timeframes and methods by which additional capital will be raised, including specific target dates and corresponding capital levels;
- (b) detail the Association's capital preservation and enhancement strategies with specific narrative goals;
- (c) address all corrective actions set forth in the December 15, 2009 Report of Examination (2009 ROE) relating to capital;
- (d) include detailed quarterly financial projections, including Tier 1 (Core) and Total Risk-Based Capital Ratios, for the period beginning December 31, 2010 and ending September 30, 2012; and
- (e) address the Association's level of classified assets, ALLL, earnings, asset concentrations, liquidity needs, and trends in the foregoing areas.

5. Upon receipt of written notification from the Regional Director that the Capital Plan is acceptable, the Association shall implement and adhere to the Capital Plan. A copy of the

² The requirement in Paragraph 3 to have and maintain a specific capital level means that the Association may not be deemed to be "well-capitalized" for purposes of 12 U.S.C. §1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. §565.4(b)(1)(iv).

Capital Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within ten (10) days after the Board meeting.

6. Within thirty (30) days after: (a) the Association fails to meet the capital requirements prescribed in Paragraph 3; (b) the Association fails to comply with the Capital Plan prescribed in Paragraph 4; or (c) any written request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.

7. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary dissolution by filing an appropriate application with the OTS in conformity with applicable laws, regulations and regulatory guidance.

8. Upon receipt of written notification from the Regional Director, the Association shall implement and adhere to the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1st) and fifteenth (15th) of each month following implementation of the Contingency Plan.

Restrictions on Lending.

9. Effective immediately, the Association shall not, except for prudently underwritten home mortgage and/or passbook loans, make, invest in, purchase, refinance, extend, or otherwise modify, any new loans to borrowers.

10. Effective immediately, the Association shall not, except with the prior written non-objection of the Regional Director, refinance, extend, or otherwise modify, any existing loans to borrowers.

Concentrations of Credit.

11. Within thirty (30) days, the Association shall develop a written program for identifying, monitoring, and controlling risks associated with concentrations of credit (Credit Concentration Program) to ensure that it addresses all corrective actions set forth in the 2009 ROE relating to concentrations of credit. The Credit Concentration Program shall comply with all applicable laws, regulations and regulatory guidance and shall:

- (a) establish comprehensive concentration limits expressed as a percentage of Tier 1 (Core) Capital plus allowance for loan and lease losses (ALLL), and document the appropriateness of such limits based on the Association's risk profile;
- (b) establish stratification categories of the Association's concentrations of credit, such as auto loans, construction loans, and commercial loans and establish enhanced risk analysis, monitoring, and management for each stratification category;
- (c) contain specific review procedures and reporting requirements, including written reports to the Board, designed to identify, monitor, and control the risks associated with concentrations of credit; and
- (d) contain a written action plan, including specific time frames, for bringing the Association into compliance with its concentration of credit limits.

12. Within thirty (30) days, the Association shall submit its Credit Concentration Program to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Credit Concentration Program is acceptable, the Association shall

implement and adhere to the Credit Concentration Program. The Board's review of the Credit Concentration Program shall be documented in the Board meeting minutes.

13. Within thirty (30) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review the appropriateness of the Association's concentration limits given current conditions and the Association's compliance with its Credit Concentration Program, including the written action plan to reduce the current level of concentrations. The Board's review of the Association's Credit Concentration Program shall be documented in the Board meeting minutes.

Allowance for Loan and Lease Losses.

14. Within thirty (30) days, the Association shall revise its policies, procedures, and methodology relating to the timely establishment and maintenance of an adequate allowance for loan and lease losses (ALLL) level (ALLL Policy) to ensure that it addresses all corrective actions set forth in the 2009 ROE relating to ALLL. The ALLL Policy shall comply with applicable laws, regulations, and regulatory guidance and shall include the appropriate use of Financial Accounting Standards Board (FASB) 114 impairment analysis.

15. Within thirty (30) days, the Association shall submit its ALLL Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the ALLL Policy is acceptable, the Association shall implement and adhere to the ALLL Policy. The Board's review of the ALLL Policy shall be documented in the Board meeting minutes.

Loan Underwriting.

16. Within thirty (30) days, the Association shall revise its loan underwriting policies, procedures, practices, and controls (Loan Underwriting Policy) to ensure that it addresses all

corrective actions in the 2009 ROE relating to loan underwriting. The Loan Underwriting Policy shall comply with applicable laws, regulations and regulatory guidance and shall, at a minimum, require:

- (a) all loan files contain complete underwriting documentation including, but not limited to, loan applications, loan commitments, current borrower financials, income documentation, credit reports, appraisals, and a statement of conformity to loan to one borrower regulatory requirements;
- (b) written documentation of the Association's analysis of the borrower's loan application and financial information; and
- (c) the Board to review and approve all credit application terms and conditions.

17. Within thirty (30) days, the Association shall submit its Loan Underwriting Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Loan Underwriting Policy is acceptable, the Association shall implement and adhere to the Loan Underwriting Policy. The Board's review of the Loan Underwriting Policy shall be documented in the Board meeting minutes.

18. Within sixty (60) days, the Association shall engage a qualified independent third party consultant (Consultant) to conduct a review of: (1) all loans or loan relationships greater than two hundred fifty thousand (\$250,000) in the Association's non-homogeneous loan portfolio, and (2) all loans in the indirect subprime automobile loan portfolio (Relevant Loans) for compliance with the revised Loan Underwriting Policy. The Consultant shall prepare a written report (Loan Review and Corrective Action Report) that, at a minimum:

- (a) identifies and provides details for all loans that are not in compliance with the revised Loan Underwriting Policy; and

(b) sets forth recommended corrective actions with respect to each loan identified.

19. Within ninety (90) days, the Association shall implement the recommended corrective actions. The Board's review of the Loan Review and Corrective Action Report shall be documented in the Board meeting minutes. A copy of the Loan Review and Corrective Action Report shall be provided to the Regional Director within ten (10) days of its completion.

Loans to One Borrower.

20. Within thirty (30) days, the Association shall develop a written program for identifying, monitoring, and controlling risks associated with loans to one borrower (LTOB Program) to ensure that it addresses all corrective actions set forth in the 2009 ROE relating to loans to one borrower. The LTOB Program shall comply with all applicable laws, regulations and regulatory guidance and shall:

(a) contain specific review procedures and reporting requirements, including written quarterly reports to the Board, designed to identify and monitor all loans to one borrower for compliance with lending limitations; and

(b) contain a written action plan, including specific time frames, for bringing the Association into compliance with loans to one borrower limitations.

21. Within thirty (30) days, the Association shall submit its LTOB Program to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the LTOB Program is acceptable, the Association shall implement and adhere to the LTOB Program. The Board's review of the LTOB Program shall be documented in the Board meeting minutes.

22. Within thirty (30) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review the Association's loans to one borrower limits and

the Association's compliance with its LTOB Program, including the written action plan to eliminate the loans to one borrower violations. The Board's review of the Association's LTOB Program shall be documented in the Board meeting minutes.

Credit Administration.

23. Within thirty (30) days, the Association shall revise and implement credit administration policies, procedures, practices, and controls (Credit Administration Policy) to ensure that it addresses all corrective actions in the 2009 ROE relating to credit administration. The Credit Administration Policy shall comply with all applicable laws, regulations and regulatory guidance and include an effective system to ensure :

- (a) the retention, review, renewal, and updating by the Association of all required records, filings, and other credit related documents;
- (b) requests for updated borrower financial information are followed up, received, and analyzed; and
- (c) internal control weaknesses and deficiencies in the servicing of the Association's indirect subprime automobile loan portfolio are addressed.

24. Within thirty (30) days, the Association shall submit its Credit Administration Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Credit Administration Policy is acceptable, the Association shall implement and adhere to the Credit Administration Policy. The Board's review of the Credit Administration Policy shall be documented in the Board meeting minutes.

Internal Asset Review and Classification.

25. Within thirty (30) days, the Association shall revise its written internal asset review and classification program (IAR Program) to address all corrective actions set forth in the 2009 ROE

relating to internal asset review and classification. The IAR Program shall comply with all applicable laws, regulations and regulatory guidance, and at a minimum, shall ensure that the scope of the independent third party review of the non-homogeneous loan portfolio is expanded to include a review of all delinquent loans and classified assets, maturity schedules, the appropriateness of the ALLL, and loans listed on the loans to one borrower report.

Management and Directorate Oversight.

26. Within thirty (30) days, the Association shall retain an independent third-party with expertise in bank operations and management, acceptable to the Regional Director, to conduct an operations and management review as outlined in Paragraph 27 (Management Study).

27. The Management Study shall be completed within thirty (30) days after the Association has received notice of non-objection of the third-party by the Regional Director, and, at a minimum, include:

- (a) assessment of the skills and experience possessed by the current members of the Board in connection with the Association's risk profile and activities;
- (b) assessment of whether the capabilities of the Board as a whole would be enhanced through the addition of persons with particular skills and experience in connection with the Association's risk profile and activities;
- (c) assessment of the entire scope of the Association's operations, the current Senior Executive Officers,³ the Association's organizational structure, and staffing levels of the Association;

³ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

- (d) identification of present and future staffing requirements for each business line of the Association commensurate with the Association's Business Plan, including but not limited to, the commercial lending and auto lending departments; and
- (e) evaluation of the performance of the Association's current Senior Executive Officers and members of the Board of Directors, including an assessment of whether compensation is commensurate with job duties and responsibilities in compliance with 12 C.F.R. § 563.161(b).

28. Within ten (10) days after the Management Study is completed, a copy of the Management Study shall be forwarded simultaneously to the Board and to the Regional Director.

29. Within ninety (90) days, the Board shall submit to the Regional Director a written plan to address any identified weaknesses or deficiencies noted in the Management Study (Management Plan). The submission to the Regional Director shall include a copy of the Board meeting minutes reflecting the Board's review of and actions taken with respect to the Management Study.

Compliance Program.

30. Within sixty (60) days, the Association shall establish and implement a new written consumer compliance program (Compliance Program) that is: (a) appropriate for the Association's size, complexity, product lines and business operations; and (b) designed to ensure the Association's compliance with all applicable consumer and other compliance laws and regulations (Compliance Laws and Regulations)⁴ on an ongoing basis. At a minimum, the Compliance Program shall:

⁴ The term "consumer and other compliance laws and regulations" means all laws and regulations referenced in Section 1100 (Compliance Oversight Examination Program) of the OTS Examination Handbook.

- (a) address all recommended corrective actions set forth in the 2009 ROE relating to compliance;
- (b) conform to applicable regulatory guidelines;
- (c) include written descriptions of the duties and responsibilities of the Compliance Officer and other key compliance positions that clearly define authority and accountability and establish the compliance organizational and reporting structure, including any Board-level compliance committees;
- (d) provide for the allocation of adequate resources, including staffing with qualified and experienced personnel;
- (e) include a formal training program that provides for ongoing training in Compliance Laws and Regulations for all Association employees;
- (f) include a formal compliance review process for new or changed products and services;
- (g) include detailed recordkeeping processes, reporting requirements and internal control systems to facilitate the Board and Management's oversight of the effectiveness of the Compliance Program; and
- (h) require a fair lending compliance review of the Association's subprime indirect automobile loan portfolio and report the findings to the Board (Fair Lending Compliance Review) and Regional Director. The Board's review of the Fair Lending Compliance Review shall be documented in the Board meeting minutes.

31. Within sixty (60) days, the Association shall submit its Compliance Program to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Compliance Program is acceptable, the Association shall implement

and adhere to the Compliance Program. The Board's review of the Compliance Program shall be documented in the Board meeting minutes.

Internal Controls.

32. Within thirty (30) days, the Association shall implement a system of internal controls to ensure compliance with the Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related regulations issued and/or administered by the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), 31 C.F.R. §§ 103.11 et seq., and the related BSA regulations issued by OTS, 12 C.F.R. § 563.177 (collectively the BSA Laws and Regulations), the FinCEN regulations governing suspicious activity reports (SARs) set forth at 31 C.F.R. § 103.18 and the OTS SAR regulations set forth at 12 C.F.R. § 563.180 (the SAR Regulations), and the Office of Foreign Assets Control (OFAC) regulations set forth at 31 C.F.R. Part 500 (the OFAC Regulations). Such internal controls shall include written policies, procedures, and processes to monitor all transactions: (i) to ensure that they are not being conducted for illegal purposes and that there is full compliance with all applicable laws and regulations; and (ii) to report any suspicious transactions and activity. The Association shall also provide for the monitoring, assessment, and review of the effectiveness of the Association's investigative procedures related to suspicious transactions and activity and the propriety of its decision whether or not to file a SAR, including the maintenance of documentation for all filed SARs and all decisions made to not file a SAR.

Information Technology.

33. Within sixty (60) days, the Association shall implement all corrective actions necessary to address all weaknesses and deficiencies identified in the 2009 ROE relating to Information

Technology (IT Corrective Actions). On a quarterly basis thereafter, beginning with the quarter ending December 31, 2010, management shall prepare a written report for the Board, detailing the progress made in implementing the IT Corrective Actions. A copy of the report shall be provided to the Board and the Regional Director within thirty days following the end of each quarter.

TARP Excessive and Luxury Expenditures Policy.

34. Within thirty (30) days, the Association shall review its excessive and luxury expenditures policy (Excessive and Luxury Expenditures Policy) to ensure that it complies with the requirements of Section 111(d) of the Emergency Economic Stabilization Act of 2008 (EESA), as amended, 12 U.S.C. § 5221 and related regulation set forth at 31 C.F.R. § 30.12.

35. Within ten (10) days, the Association shall ensure the Chairman of the Board reimburses the Association for all expenses related to her two trips to Turkey.

Growth.

36. Effective immediately, the Association shall not increase its total average assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written notice of non-objection of the Regional Director.

Brokered Deposits.

37. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b).

Directorate and Management Changes.

38. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 C.F.R. Part 563, Subpart H.

Golden Parachute and Indemnification Payments.

39. Effective immediately, the Association shall not make any golden parachute payment⁵ or prohibited indemnification payment⁶ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Employment Contracts and Compensation Arrangements.

40. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than sixty (60) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Dividends and Other Capital Distributions.

41. Effective immediately, the Association shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director in accordance with applicable regulations and

⁵ The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

⁶ The term “prohibited indemnification payment” is defined at 12 C.F.R. § 359.1(l).

regulatory guidance. The Association's written request for approval shall be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed declaration, dividend payment or distribution of capital.

Transactions with Affiliates.

42. Effective immediately, the Association shall not engage in any transaction with an affiliate unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate for which notice is submitted pursuant to this Paragraph, complies with the requirements of 12 C.F.R. § 563.41 and Regulation W, 12 C.F.R. Part 223.

Violations of Law.

43. Within thirty (30) days, the Association shall ensure that all violations of law and/or regulation discussed in the 2009 ROE are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

Board Oversight of Compliance with Order.

44. Effective immediately, the Board shall monitor and coordinate the Association's compliance with the provisions of this Order and the completion of all corrective actions required in the 2009 ROE. The Board shall review all policies and procedures required by this Order prior to submission to the OTS.

45. Within thirty (30) days after the end of each quarter, beginning with the quarter ending September 30, 2010, the Association shall prepare a written compliance progress report for the Board (Compliance Tracking Report). The Compliance Tracking Report shall, at a minimum:

- (a) separately list each corrective action required by this Order and the 2009 ROE;

- (b) identify the required or anticipated completion date for each corrective action; and
- (c) discuss the current status of each corrective action, including the action(s) taken or to be taken to comply with each corrective action.

46. Within sixty (60) days at the end of each quarter, beginning with quarter ending September 30, 2010, the Board shall review the Compliance Tracking Report and all reports required to be prepared by this Order. Following its review, the Board shall adopt a resolution: (a) certifying that each director has reviewed the Compliance Tracking Report and all required reports; and (b) documenting any corrective actions adopted by the Board. A copy of the Compliance Tracking Report and the Board resolution shall be provided to the Regional Director within thirty (30) days after the Board meeting.

47. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the provisions of this Order.

Effective Date, Incorporation of Stipulation.

48. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

49. This Order shall remain in effect until terminated, modified, or suspended by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

50. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

51. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

52. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

53. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (a) To the OTS:
Office of Thrift Supervision
Attn: Michael E. Finn
Regional Director, Northeast Region
Harborside Financial Center Plaza Five
Suite 1600
Jersey City, NJ 07302
Fax: (201) 413-7543
- (b) To the Association:
Fort Lee Federal Savings Bank
Attn: Haralambos Kostakopoulos
President and Chief Executive Officer
817 Abbott Boulevard
Fort Lee, New Jersey 07024
Fax: (201) 224-9633

No Violations Authorized.

54. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Order No.: NE-10-26

FORT LEE SAVINGS BANK, FSB)

Effective Date: October 6, 2010

Fort Lee, New Jersey)
OTS Docket No. 16832)
_____)

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Northeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Fort Lee Savings Bank, Fort Lee, New Jersey, OTS Docket No. 16832 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs

1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its December 15, 2009 examination of the Association (2009 ROE), the OTS finds that the Association has engaged in unsafe or unsound banking practices, and/or has other deficiencies in its management and in its operations, including:
 - (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
 - (b) operating the Association with loan underwriting and/or credit administration and documentation policies, procedures, systems and controls that are inadequate for the complexity of and risk inherent in the Association’s loan portfolio;
 - (c) creating concentrations of credit without adequate and effective risk management;
 - (d) operating the Association with Management whose policies and practices are detrimental to the Association and jeopardize the safety of its deposits;
 - (e) operating with an excessive level of assets with credit data or collateral

documentation deficiencies;

- (f) operating the Association with an inadequate Compliance Program;
- (g) operating the Association with an inadequate Bank Secrecy Act/Anti-Money Laundering (BSA/AML) Program; and
- (h) operating the Association with inadequate Information Technology (IT) policies and procedures or Information Technology (IT) systems.

4. Based on its 2009 ROE of the Association, the OTS finds that the Association has engaged in violations of law and regulation, including:

- (a) 12 C.F.R. § 560.93 (regarding limitations on loans to one borrower);
- (b) 12 C.F.R. § 226.20(c) (regarding disclosure requirements for variable rate adjustments);
- (c) 12 C.F.R. § 563.177(c)(1) (requiring a system of internal controls to assure ongoing compliance with Bank Secrecy Act (BSA));
- (d) 12 C.F.R. § 563.180(d)(3)(iv) (regarding filing of suspicious activity reports (SARs) for potential money laundering or violations of the BSA);
- (e) 12 C.F.R. § 203.4(a) and (b) (regarding compliance with the reporting requirements of the Home Mortgage Disclosure Act (HMDA));
- (f) 12 C.F.R. § 202.5(a)(2) (requiring monitoring information to be collected for HMDA reportable loans);
- (g) 12 C.F.R. § 226.19 (regarding Truth in Lending Act disclosure requirements);
- (h) 15 U.S.C. § 1681g (regarding disclosure of credit scores by certain mortgage lenders); and
- (i) 15 U.S.C. § 1681s-2(a)(7) (regarding disclosure of negative credit information).

Consent.

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

7. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties

with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation.

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WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

FORT LEE SAVINGS BANK, FSB
Fort Lee, New Jersey

OFFICE OF THRIFT SUPERVISION

By: /s/
Douglas J. Cestone, Director

By: /s/
Michael E. Finn
Regional Director, Northeast Region

Date: See Effective Date on page 1

 /s/
Haralambos S. Kostakopoulos, Director

 /s/
Yasemin K. Kostakopoulos , Director

 /s/
Paul Oesterle, Director

 /s/
Anthony J. Sansiveri, Director